

**BOYS & GIRLS CLUBS
OF EL CAMINO REAL**

**ANNUAL FINANCIAL REPORT
DECEMBER 31, 2009**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 9/22/10

Boys & Girls Clubs of El Camino Real
Annual Financial Report
December 31, 2009

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Johnson, Thomas & Cunningham

Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the
Boys & Girls Clubs of El Camino Real
Natchitoches, Louisiana

We have audited the accompanying statement of financial position of the Boys & Girls Clubs of El Camino Real (a nonprofit organization) as of December 31, 2009, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Club's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Boys & Girls Clubs of El Camino Real as of December 31, 2009, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 27, 2010, on our consideration of the Boys & Girls Clubs of El Camino Real's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of

internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Johnson, Thomas & Cunningham, CPA's
Johnson, Thomas & Cunningham, CPA's

August 27, 2010
Natchitoches, Louisiana

FINANCIAL STATEMENTS

Boys & Girls Clubs of El Camino Real
Statement of Financial Position
December 31, 2009

ASSETS:

Cash	\$ 21,880
Investments	16,743
Revenue Receivable	43,128
Capital Assets	74,522
Less, Accumulated Depreciation	<u>(40,203)</u>
Total Assets	<u>\$116,070</u>

LIABILITIES:

Current-

Accounts Payable	\$ 6,791
Payroll Liabilities	12,733
Current Portion - Long-term Debt	<u>6,917</u>

Total Current Liabilities \$ 26,441

Noncurrent-

Long-term Debt	<u>20,370</u>
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Total Liabilities \$ 46,811

NET ASSETS:

Unrestricted	<u>69,259</u>
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Total Liabilities & Net Assets \$116,070

See notes to financial statements.

Boys & Girls Clubs of El Camino Real
Statement of Activities
For the Year Ended December 31, 2009

Changes in Unrestricted Net Assets:

Unrestricted Revenues-

Intergovernmental-

DOJ - OJP 2007 PHS 032	\$ 1,722
DOJ - OJP 16767	53,067
DOJ - OJP 10722	26,988
Louisiana Alliance - AmeriCorps	13,597
Louisiana Alliance - Teen Pregnancy	20,276
ARRA - 2009 17969	2,107

Miscellaneous-

TNT	5,500
United Way	27,227
Special Events	39,028
Contributions	32,954
Charitable Gaming	181,577
Morgan Stanley Grant	36,500
Rapides Foundation	25,000
Other	55,893
In-kind Revenue	<u>202,100</u>

Total Unrestricted Revenues \$723,536

Expenses:

Salaries & Related Costs	\$370,532
Office Supplies & Printing	23,452
Program Expenses	16,983
Telephone & Utilities	16,106
Travel & Training	16,047
Insurance	13,368
Postage	2,627
Gaming Expenses	53,267
Other	50,004
Depreciation Expense	5,047
In-kind Expenses	<u>202,100</u>

Total Expenses \$769,533

Decrease in Net Assets \$ (45,997)

Continued next page.

See notes to financial statements.

Boys & Girls Clubs of El Camino Real
Statement of Activities-continued
For the Year Ended December 31, 2009

Other Income/Expense:	
Loss on Disposal of Assets	\$ <u>____(625)</u>
Total Decrease in Net Assets	\$ (46,622)
Net Assets - Beginning of Year	<u>115,881</u>
Net Assets - End of Year	\$ <u>69,259</u>

See notes to financial statements.

Boys & Girls Clubs of El Camino Real
Statement of Cash Flows
For the Year Ended December 31, 2009

CASH FLOWS FROM OPERATING ACTIVITIES:	
Increase (Decrease) in Net Assets	\$(46,622)
Adjustments to Reconcile Decrease in Net Assets to Net Cash Provided by Operating Activities-	
Depreciation	5,047
Increase (Decrease) in Accounts Payable	(1,273)
(Increase) Decrease in Revenue Receivable	62,098
(Increase) Decrease in Accounts Receivable	<u>3,950</u>
Net Cash Provided by (used by) Operating Activities	<u>\$ 23,200</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchase of Assets	<u>\$(34,991)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:	
Proceeds from Debt	\$ 31,521
Debt Repayments	(4,234)
Purchase of Investments	(16,743)
Loss on Sale of Assets	<u>625</u>
Cash Flows from Financing Activities	<u>\$ 11,169</u>
Net (Decrease) in Cash	\$ (622)
Cash-Beginning of Year	<u>22,502</u>
Cash-End of Year	<u>\$ 21,880</u>
Interest Paid During the Year	<u>\$ 0</u>

See notes to financial statements.

Boys & Girls Clubs of El Camino Real
Statement of Functional Expenses
For the Year Ended December 31, 2009

OJP Grants-	
OJP - 16767-	
Salaries & Related Costs	\$ <u>49,874</u>
OJP - 10722-	
Salaries & Related Costs	\$ <u>20,838</u>
Rapides Foundation Triple Play-	
Salaries & Related Costs	\$ <u>12,946</u>
Louisiana Alliance - Teen Pregnancy-	
Salaries & Related Costs	\$ 12,632
Supplies	1,225
Telephone	125
Other	<u>1,600</u>
Total	\$ <u>15,582</u>
LA Alliance AmeriCorps-	
Salaries & Related Costs	\$ <u>13,185</u>
BGCA SMART Moves-	
Salaries & Related Costs	\$ 6,457
Supplies	2,774
Printing	292
Telephone	460
Travel	1,125
Other	<u>4,172</u>
Total	\$ <u>15,280</u>

Continued next page.

See notes to financial statements.

Boys & Girls Clubs of El Camino Real
Statement of Functional Expenses-continued
For the Year Ended December 31, 2009

Operations-	
Salaries & Related Costs	\$254,602
Office Supplies & Printing	19,161
Program Expenses	16,983
Telephone & Utilities	15,521
Travel & Training	14,922
Insurance	13,368
Postage	2,627
Gaming Expenses	53,267
Other	44,230
Depreciation Expense	5,047
In-kind Expense	<u>202,100</u>
Total	<u>\$641,828</u>
Total Expenses	<u>\$769,533</u>

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

Boys & Girls Clubs of El Camino Real
Notes to Financial Statements
December 31, 2009

1. The Reporting Entity:

Boys & Girls Club of Natchitoches was incorporated as a non-profit organization on April 27, 1989, under the laws of the State of Louisiana. The corporation was formed as a youth service agency to provide behavior guidance and to promote the health, social, educational, vocational and character development of youth with special concern for those from disadvantaged circumstances. In May 2009, the Club officially changed its name to Boys & Girls Clubs of El Camino Real. The Club will, over the next five years, try to expand into six parishes...Sabine, Natchitoches, Winn, LaSalle, Concordia and Catahoula.

The corporation operates under a twenty member Board of Directors and is affiliated with the national organization, Boys & Girls Clubs of America, which assists the local clubs with fundraising, marketing, and training. The average number of youth participating in the Club is approximately 1,200 per year.

2. Summary of Significant Accounting Policies:

The accounting and reporting policies of Boys & Girls Clubs of El Camino Real conform to generally accepted accounting principles as applicable to non-profit organizations, and are applied on a consistent basis between periods.

The following is a summary of certain significant accounting policies and practices:

- A. Financial Statement Presentation - The Club has adopted Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations". Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the Club is required to present a statement of cash flows. As permitted by the statement, the Club has discontinued its use of fund accounting.
- B. Basis of Accounting - The Club uses the modified accrual basis of accounting. Revenues are recognized when they become measurable and available as net current assets. Expenditures are generally recognized when the related fund liability is incurred. Purchases of various operating supplies are regarded as expenditures at the time purchased.
- C. Budgets and Budgetary Accounting - The Club is not required to adopt a budget. Accordingly, no budget comparisons have been presented.
- D. Fixed Assets - Depreciation on all exhaustible fixed assets is charged as an expense against the operations of the Club. Assets are shown at cost. Depreciation has been provided over the estimated useful lives using the straight-line method. Depreciation expense for the year ended December 31, 2009 was \$5,047. Accumulated depreciation at December 31, 2009, was \$40,203.

Boys & Girls Clubs of El Camino Real
Notes to Financial Statements
December 31, 2009

- E. Unpaid Accumulated Vacation and Sick Leave - Employees may not accumulate or carry forward unused vacation leave. Sick leave can be accumulated to a maximum of 50 days, but is forfeited at separation. Therefore, no accrual has been made for such pay.
- F. Cash Equivalents - For purposes of cash flows, cash equivalents include all highly liquid deposits and debt instruments acquired with maturities of three months or less.
- G. Investments - The Club carries investments in marketable securities with readily determined fair values at their fair value in the Statement of Financial Position.
- H. Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

3. Changes in Fixed Assets:

The following is a summary of changes in fixed assets for the Club for the year ended December 31, 2009:

	Balance 1-1-09	Additions	Deletions	Balance 12-31-09
Vehicles	\$ 2,500	\$32,222	\$(2,500)	\$32,222
Equipment	<u>39,531</u>	<u>2,769</u>	<u>0</u>	<u>42,300</u>
Total Assets	<u>\$42,031</u>	<u>\$34,991</u>	<u>\$(2,500)</u>	<u>\$74,522</u>
<u>Depreciation</u>				
Vehicles	\$ 1,625	\$ 3,468	\$ 1,875	\$ 3,218
Equipment	<u>35,406</u>	<u>1,579</u>	<u>0</u>	<u>36,985</u>
Total Depreciation	<u>\$37,031</u>	<u>\$ 5,047</u>	<u>\$ 1,875</u>	<u>\$40,203</u>
Total Assets	<u>\$ 5,000</u>	<u>\$29,944</u>	<u>\$ (625)</u>	<u>\$34,319</u>

4. Retirement Plan:

The Boys & Girls Clubs of El Camino Real participates in a pension plan sponsored by the Boys & Girls Clubs of America. The plan is an insured, non-contributory defined benefit pension plan, covering employees of various Boys & Girls Clubs. The amount charged to pension expense and contributed to the plan during the year was \$14,016.

Boys & Girls Clubs of El Camino Real
Notes to Financial Statements
December 31, 2009

5. Compensation Paid to Board Members:

The members of the Board of Directors receive no compensation for their services.

6. Cash:

At December 31, 2009, cash (bank balances) totaled \$18,936. These deposits were fully insured by FDIC Insurance.

7. Investments:

Investments are stated at fair value which is based on quoted market price for these investments. Investments at December 31, 2009, consist of mutual funds.

	<u>Cost</u>	<u>Market Value</u>
Mutual Funds	<u>\$16,743</u>	<u>\$16,743</u>

8. Income Taxes:

The corporation applied for and received tax-exempt status under I.R.C. section 501(c)(3). Accordingly, the Club pays no income taxes.

9. Unrestricted Net Assets:

None of the net assets are subject to donor-imposed restrictions. Accordingly, all net assets are accounted for as unrestricted assets under SFAS No. 117.

10. Contributions:

The Boys & Girls Clubs of El Camino Real has also adopted SFAS No. 116, "Accounting for Contributions Received and Contributions Made". Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor imposed restrictions. However, as disclosed above, there were no donor-imposed restrictions during the year ended December 31, 2009.

Boys & Girls Clubs of El Camino Real
Notes to Financial Statements
December 31, 2009

11. Revenue Receivable:

Revenue receivable at December 31, 2009, consisted of the following classes of receivables:

Bingo	\$14,040
Grants	24,373
Other	<u>4,715</u>
Total	<u>\$43,128</u>

12. Commitments and Contingencies:

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Boys & Girls Clubs of El Camino Real expects such amounts, if any, to be immaterial. Also, a liability for findings and questioned costs, if applicable, is not established until final disposition of such matters by the funding agency.

13. Long-Term Debt:

The Club, in May 2009, financed two (2) 2008 Ford vans with Sabine Bank & Trust Company for \$31,521 at 4.5% interest. Payments to maturity for this debt is as follows:

<u>December 31</u>	<u>Amount</u>
2010	\$ 6,917
2011	7,875
2012	8,236
2013	<u>4,259</u>
Total	<u>\$27,287</u>

14. Donated Facilities:

The City of Natchitoches, City and Parish Housing Authorities, and individuals donated facilities for use by the Club and paid the interest on the two (2) vans. The estimated value of these donations has been reflected in the financial statements as in-kind revenue and in-kind expenses. For 2009, the fair value was estimated at \$202,100.

15. Subsequent Events:

Management has evaluated subsequent events through August 27, 2010, which is the date of the financial statements.

INTERNAL CONTROL AND COMPLIANCE

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors of the
Boys & Girls Clubs of El Camino Real
Natchitoches, Louisiana

We have audited the financial statements of the Boys & Girls Clubs of El Camino Real (a nonprofit organization), as of and for the year ended December 31, 2009, and have issued our report thereon dated August 27, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Louisiana Governmental Audit Guide*.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Club's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Club's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Club's internal control over financing reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Club's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. However, we identified one deficiency in internal control over financial reporting, described in the accompanying schedule of findings and responses that we consider to be a material weakness in internal control over financial reporting (09-01).

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Club's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item 09-02.

The Club's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. We did not audit the Club's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Boys & Girls Clubs of El Camino Real's management, the Louisiana Legislative Auditor, and interested state and federal agencies and is not intended to be and should not be used by anyone other than these specified parties. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Johnson, Thomas & Cunningham, CPA's
Johnson, Thomas & Cunningham, CPA's

August 27, 2010
Natchitoches, Louisiana

Boys & Girls Clubs of El Camino Real
Schedule of Findings & Responses
Year Ended December 31, 2009

I. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of the Boys & Girls Clubs of El Camino Real.
2. The audit disclosed one material weakness in internal control (09-01).
3. One instance of noncompliance material to the financial statements of the Boys & Girls Clubs of El Camino Real was disclosed during the audit (09-02).

II. FINDINGS IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The following findings relate to the financial statements and are required to be reported in accordance with *Government Auditing Standards*.

Internal Control-

09-01 Segregation of Duties

Condition - Our evaluation of the internal control structure revealed an absence of appropriate segregation of duties and the lack of personnel available to prepare financial statements including the related note disclosures.

Effect - Intentional or unintentional errors could be made and not detected within the accounting system.

Cause - Due to lack of funds, the Club's office does not have a sufficient number of employees to adequately separate accounting duties or to prepare the Club's annual financial statements with related note disclosures.

Recommendation - Since the costs associated with establishing an appropriate system of internal control should not outweigh the benefits derived from it, we do not have a recommendation to make.

Management's Response - It is not economically feasible to add a sufficient number of employees to adequately segregate accounting duties. In addition, we have evaluated the cost/benefit of establishing a system to prepare our annual financial statements and have determined that it is in the best interest of the Club to have our independent auditors prepare our financial statements. We understand that we should review the financial statements and notes and accept responsibility for their contents and presentation.

Boys & Girls Clubs of El Camino Real
Schedule of Findings & Responses
Year Ended December 31, 2009

Compliance-

09-02 Late Report

Condition - Louisiana state law requires that the Club have an annual audit performed and submitted to the Legislative Auditor within six (6) months after the close of their fiscal year. For the year ended December 31, 2009, this requirement was not met.

Effect - The Club is not in compliance with state law.

Cause - The Club did not provide the auditor the books and other necessary information in sufficient time to prepare and submit the report by the due date.

Recommendation - The Club should institute procedures to ensure the books and related information needed for the audit be provided to the auditor within 45 days after the end of the fiscal year.

Management's Response - The Club will institute procedures to ensure all necessary information is provided to the auditor within 45 days after the end of the fiscal year.